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RUEHAR/AMEMBASSY ACCRA 3056
RUEHDS/AMEMBASSY ADDIS ABABA 3169
RUEHRL/AMEMBASSY BERLIN 1598
RUEHBY/AMEMBASSY CANBERRA 2432
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C O N F I D E N T I A L SECTION 01 OF 02 HARARE 000774

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TAGS: PGOV PREL ASEC PHUM FFIN ECON ZI
SUBJECT: MDC MINISTERS BITI AND MANGOMA BRIEF DONORS

REF: HARARE 753

Classified By: CDA Donald Petterson for reason 1.4 (b) and (d)

¶1. (SBU) SUMMARY: Minister of Finance Tendai Biti and Minister of Economic Development Elton Mangoma met with Western donor chiefs of mission and aid directors September 24 and briefed on political and economic issues. They believe that ZANU-PF intransigence on the Global Political Agreement (GPA) and actions such as media attacks on the MDC and continuing farm invasions are reflective of a withering ZANU-PF. The MDC is preparing for the next elections and, even if there is a repeat of the 2008 violence and intimidation, they believe that the MDC's overwhelming country-wide support will result in its victory. Turning to economic matters, Biti and Mangoma said they would consult with the IMF before determining how to use their Special Drawing Rights (SDRs) but believed critical development needs indicated substantial use for infrastructure. They also will attempt to gain Heavily Indebted Poor Country (HIPC) relief. Finally, Biti and Mangoma support maintaining sanctions; if economic progress is made despite continuing sanctions, it will demonstrate that sanctions are not responsible for Zimbabwe's economic plight. END SUMMARY.

ZANU-PF on the Ropes

¶2. (SBU) Biti said the biggest problem facing the inclusive government (IG) is political in nature. That ZANU-PF is "on high alert" has been manifested in the violence of farm invasions, vitriolic state media attacks on the MDC, and inaction on reform measures. The "arrested transition" is largely a result of tension within ZANU-PF, he said. The "noise is coming from sectors in the party controlled by the junta" - the Mugabe faction. Biti claimed that actions in recent weeks are "reflective of the desperation of a losing group." He insisted that media attacks on Tsangirai, himself, and the MDC do not stem from a "homogeneous ZANU position."

¶3. (SBU) Donors should not conclude, said Biti, that "the increasing decibels of the ZANU position" presage a failure of the IG; to the contrary "it is the gasping of a losing position." He added, "The MDC is not going to collapse; ZANU-PF won't pull out, the (Mugabe) faction is not that strong."

¶4. (SBU) Like Tsvangirai (Ref), Biti and Mangoma believe that the MDC will make progress on the GPA and eventually win the next election. They base this belief on the fact that, according to Biti, the "MDC has overwhelming support in the country." Biti remarked that "there is only one party ready for elections." Certainly there will be a repeat of ZANU-PF violence and intimidation of voters. But their preparations for the 2008 election were key to the MDC victory, and having learned from the experiences of that election, they will be even better prepared next time.

On SDRs, HIPC, and Sanctions
QOn SDRs, HIPC, and Sanctions

¶5. (SBU) Biti and Mangoma noted that while they are aware of the IMF preference that much of recently released SDRs be kept in reserve and eventually used for debt reduction, whatever the IG stipulated for that use would be "a drop in the bucket." They believe the dire need for economic stimulus supersedes keeping SDRs in reserve; therefore they want to devote considerable SDRs to "issues of

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infrastructure." Addressing infrastructure needs and creating lines of credit would get money into the economy. They are also considering limited budget support to create a more even flow of funds, although admitting they are "not very keen" on this. In any event they will not take any steps on the SDRs until they've had further consultations with the IMF.

¶6. (SBU) Despite "venomous criticism" from ZANU-PF on their intention to seek HIPC relief, they intend to "go that way." They are aware of the time-consuming and difficult process involved, but deem HIPC relief necessary. Biti said the IG would need help in getting through the process.

¶7. (SBU) Biti and Mangoma did not endorse ending sanctions. Mangoma said ZANU-PF fears that if progress on the GPA "takes place while sanctions are in place, ZANU will have no basis for saying sanctions are the cause of (Zimbabwe's) problems."

He importuned, "Please assist us to make sure that development takes hold and moves forward," for that "is our greatest insurance." He and Biti cited the need for help in agriculture, education, and health, but made a special plea for addressing the water/sewage problem, which "must be resolved." to avoid a renewed outbreak of cholera.

COMMENT

¶8. (C) While Biti's and Mangoma's insistence that ZANU-PF is grievously split and that hardliners have been sorely wounded might have basis in fact, they could be guilty of wishful thinking. Their confidence in the long-term good fortune of the MDC mirrors Tsvangirai's and comes from solid evidence of the party's rising popularity vis-a-vis ZANU-PF's growing unpopularity. It seems to us, however, that the MDC leaders could be running the risk of underestimating the survival skills of their opponents. END COMMENT.

PETTERSON